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# THE AGRICULTURAL SITUATION.

A BRIEF SUMMARY OF ECONOMIC CONDITIONS

ISSUED MONTHLY FOR EXTENSION WORKERS AND THE STAFF BY THE BUREAU OF AGRICULTURAL ECONOMICS, U. S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

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## A SLIGHTLY BETTER OUTLOOK

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In the South, things look better. In the West, things look better - on paper. In some parts of the country they look much the same. On the whole, however, the picture paints itself in slightly brighter colors this month.

Prices have slowly risen: cotton, grain, livestock products, - and likewise prices of the things farmers have to buy. The general price level has been slowly moving upward, with certain farm products making moderate recovery. This has put a little new money into the pockets of some farmers, put heart into many more, and has certainly done both for the men who carry farm products through the channels of commerce.

The railroad congestion has operated as a severe brake on movement of major crops to market; but proving thereby, in the opinion of some observers, not an unmitigated curse. The season of bad roads and weather now at hand is slowing up crop movement from the farms.

The transportation problem this fall has been one of real proportions. Freight rates are now, broadly speaking, only slightly higher than the general price level. They are still badly out of line with general prices of farm products.

Certain cumulative outgrowths of the agricultural situation loom up as the year draws to a close. One is the country-wide impetus given to agricultural organization. Signs multiply that the economic machinery of the country may have to reckon with this as definitely as with organization of labor and industry. One immediate phase is a notable spread of cooperative marketing.

Another development, of great significance, is the movement of population from farms into urban industry. Figures compiled within the month by this Department indicate a very abnormal movement of population from farms to towns now taking place. Thus has the economic unbalance of three years brought its final, painful - but irresistible - corrective force into action!

## REGIONS AT A GLANCE

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THE EAST - Relatively in poor shape. Some poultry men doing fairly well; most dairymen having all they can do to break even; potato, apple, hay and truck growers thoroughly discouraged.

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COTTON BELT - Shows the best general recovery of any region as a whole. Cotton very poor crop in many areas, but men who have any to sell are feeling good at prices. General business much stimulated.

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CORN BELT - Somewhat encouraged by improvement in grain prices. Heavy fall run of hogs to market. Also heavy movement of feeder cattle and sheep to farms. Winter grain shows good stands. Bad weather and muddy roads hampering fall work.

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WHEAT BELT - Handicapped by an almost unprecedented shortage of freight cars. Reports this week indicated 400 elevators closed in Kansas for lack of cars. Spring wheat territory badly handicapped; so far has been pessimistic. Winter wheat stands are, in general, fairly good.

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RANGE COUNTRY - Rain and snow have improved the range, but severe weather has pinched stock somewhat. Sheep men feeling fairly good at sheep, lamb, and wool prices. Outlook for next year generally considered favorable.

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PACIFIC COAST - Hurt by car shortage. Apple growers badly hurt by low eastern markets. In general, however, fruit and livestock interests report fairly good returns for the year and considerable optimism.

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# CROP PRODUCTION

The following shows production of important crops in 1913, during "Wartime" period, last year, and estimates for this year. These are the compilations of the Division of Crop and Live-Stock Estimates, of this Bureau.

Figures given in millions, that is, six ciphers omitted.

Crop	1913 Production	1916-1920 Average	1921 Production	1922 Oct. 1 Estimate	1922 Nov. 1 Estimate
Wheat, bu.					
Winter	523	566	587	542	
Spring	240	233	208	268	
All	763	799	795	810	810
Corn, bu.	2,447	2,831	3,080	2,853	2,896
Oats, bu.	1,122	1,413	1,061	1,230	1,230
Barley, bu.	178	197	151	196	196
Rye, bu.	41.4	67.8	57.9	79.6	79.6
Potatoes, bu.					
White	331	373	347	433	434
Sweet	59	88.8	98.7	105	110
Tobacco, lbs.	954	1,378	1,075	1,355	1,330
Beans, bu.	---	13.3	9.12	13.0	13.0
Rice, bu.	25.7	41.7	36.5	39.2	39.1
Cotton, bales	14.1	11.9	8.0	10.1	10.1
Apples					
Total, bu.	145	179	98.1	204	205
Commercial, bbl.	---	26.8	21.2	36.1	31.9
Sugar beets, tons	---	6.62	7.78	5.07	5.0
Hay, all, tons	64	102	96	---	108

Production index about 12% more than last year's aggregate production and 0.5% more than average of preceding five years.



AVERAGE PRICES, AT THE FARM, OF REPRESENTATIVE PRODUCTS  
Month Ending November 1, 1922

Actual prices received at the farm by producers. Average of reports covering the United States weighted according to relative importance of county and State. Figures compiled by Division of Crop and Live-Stock Estimates of this Bureau. Quotations in dollars or cents.

Shows 1913, year ago, and latest available month.

	Oct. <u>1913</u>	Oct. <u>1921</u>	Sept. <u>1922</u>	Oct. <u>1922</u>
Cotton, per lb.	\$ 13.0	17.7	20.0	22.4
Corn, per bu.	\$ 70.7	41.1	61.6	62.9
Wheat, per bu.	\$ 77.0	94.2	90.4	97.8
Hay, per ton	\$ 11.51	11.13	10.78	10.96
Potatoes, per bu.	\$ 69.6	123.5	69.6	62.8
Beef cattle, per 100 lbs.	\$ 6.05	4.81	5.44	5.48
Hogs, per 100 lbs.	\$ 7.60	7.31	8.23	8.33
Eggs, per dozen	\$ 27.4	44.2	30.5	37.6
Butter, per lb.	\$ 28.2	40.9	36.2	38.5
Wool, per lb.	\$ 15.5	15.8	31.6	32.2

General tone of prices of major products fairly firm during month, except in case of potatoes.

Wheat made considerable advance, and cotton recovered from slump of previous month.

PRICE INDEXES FOR MONTH ENDING NOVEMBER 1

1913 = 100

Farm products figures from this Bureau; commodity groups from Bureau of Labor Statistics. Shows year ago, low point (December, 1921), and latest available month:

Farm Products  
(Prices at the farm)

	Oct. <u>1921</u>	Dec. <u>1921</u>	Sept. <u>1922</u>	Oct. <u>1922</u>	Month <u>Trend</u>
Cotton	143	130	161	181 - - -	Higher
Corn	69	72	104	106	
Wheat	120	118	115	125 - - -	Higher
Hay	101	110	98	99	
Potatoes	192	173	108	98 - - -	Lower
Beef cattle	81	78	92	93	
Hogs	98	89	110	111	
Eggs	229	265	156	195 - - -	Higher
Butter	151	152	134	142 - - -	Higher
Wool	95	101	188	193 - - -	Higher

Commodity Groups  
(Wholesale Prices)

	Oct. <u>1921</u>	Dec. <u>1921</u>	Sept. <u>1922</u>	Oct. <u>1922</u>	Month <u>Trend</u>
Farm products	124	113	133	138 -	Higher
Food, etc.	140	139	138	140	
Cloths, & clothing	130	135	183	188 -	Higher
Fuel & lighting	189	187	244	226 -	Lower
Metals & met. products	116	119	134	135	
Bldg. materials	159	203	180	183 -	Higher
Chemicals, etc.	131	161	124	124	
House-furnishing goods	180	218	173	176 -	Higher
<u>All commodities</u>	<u>142</u>	<u>149</u>	<u>153</u>	<u>154 -</u>	<u>Slightly higher</u>

# RELATIVE PURCHASING POWER

(At October 1922 Farm Prices)

1913 = 100

<u>In terms of:</u>	<u>Of a Unit of:</u>				
	<u>Cotton</u>	<u>Corn</u>	<u>Wheat</u>	<u>Hay</u>	<u>Potatoes</u>
All commodities	118	69	81	64	64
Cloths, etc.	96	56	66	53	52
Fuel, etc.	80	47	55	44	43
Metals, etc.	134	79	93	73	73
Bldg. materials	99	58	68	54	54
House-furnishing goods	103	60	71	56	56

  

	<u>Beef cattle</u>	<u>Swine</u>	<u>Eggs</u>	<u>Butter</u>	<u>Wool</u>
All commodities	60	72	127	92	125
Cloths, etc.	49	59	104	76	103
Fuel, etc.	41	49	86	63	85
Metals, etc.	69	82	144	105	143
Bldg. materials	51	61	107	78	105
House-furnishing goods	53	63	111	81	110

Purchasing power index improved over previous month in case of cotton, wheat, and eggs.

Products of the Corn Belt stand about as they did in September, in point of purchasing power.

The general index of purchasing power of farm products in terms of other commodities, as worked out by this Bureau, stood at 65 for October, compared with 64 in September, 64 in August, 69 in July.



# SIGNIFICANT MOVEMENT OF FARM PRODUCTS

Figures show corn, hogs, cattle receipts at primary markets; butter receipts at 5 markets; wheat (including flour) and cotton exports. All figures given to nearest thousand.

Month	CORN Receipts <u>Th. Bu.</u>	HOGS Receipts <u>Thousands</u>	CATTLE Receipts <u>Thousands</u>	BUTTER Receipts <u>Th. lbs.</u>	WHEAT Exports <u>Th. Bu.</u>	COTTON Exports <u>Th. Bu.</u>
1921 Oct.	34,496	3,214	2,311	43,785	25,366	874
1922 Jan.	52,097	4,278	1,628	41,697	14,985	475
" Feb.	58,330	3,612	1,416	38,894	10,991	338
" Mar.	31,035	3,411	1,622	44,919	14,371	461
" Apr.	14,552	3,067	1,470	42,694	10,244	612
" May	27,083	3,737	1,878	68,893	14,267	469
" June	31,157	3,776	1,759	93,139	18,200	491
" July	25,975	2,980	1,709	92,829	19,098	374
" Aug.	24,380	3,037	2,149	62,494	38,964	273
" Sept.	35,296	3,062	2,373	46,419	31,839	369
" OCT.	32,477	3,682	2,936	41,351	25,077	799

Corn movement lighter. Possibly influenced by car shortage as well as crop and price situation.

Hog movement relatively heavy. Normally, the run of hogs increases during October.

Movement of cattle also heavier than last month, or same month last year.

Butter shows seasonal decline in production.

Cotton exports increasing. American textile mills also consumed 533,950 bales during October, against 495,344 bales in September, and 494,317 bales in October last year.

# THE COLD STORAGE SITUATION

November 1 holdings (Figures show nearest thousand)

<u>Commodity</u>	<u>Nov. 1 5 Year Average</u>	<u>Nov. 1, 1921</u>	<u>Oct. 1, 1922</u>	<u>Nov. 1, 1922</u>
Creamery butter, lbs.	92,245	77,983	96,679	73,850
American cheese, lbs.	55,183	42,968	49,472	40,837
Case eggs, cases	4,351	4,380	7,924	5,723
Total poultry, lbs.	39,053	34,876	25,984	30,252
Total beef, lbs.	167,839	63,486	53,572	67,283
Total pork, lbs.	449,513	359,656	483,095	395,177
Lard, lbs.	55,087	48,850	75,337	36,727
Lamb & mutton, lbs.	15,314	6,840	3,472	3,475
Apples, bbls.	3,938	3,643	1,452	5,466

Heavy movement out of storage of butter, and especially of eggs. Latter heaviest movement on record for one month. Still large stored supply of eggs, however.

Poultry stocks increased, as is usual at this season.

Beef increased, but pork showed decreased stocks. Lard stocks at lowest point ever recorded on November 1, notwithstanding heavy production.

Apples show more than 4 millions each of barrels and boxes (equivalent to nearly 5-1/2 million barrels), - largest stock ever reported in storage as early as November 1. Usually December 1 shows peak of stored apples.

GENERAL BUSINESS INDICATORS  
RELATED TO AGRICULTURE

	1921 <u>Oct.</u>	1922 <u>Sept.</u>	1922 <u>Oct.</u>	Month's <u>Trend</u>
<u>Production</u>				
Steel ingots (Thou. tons)	1,848	2,714	3,285	Increase
Coke (Thou. tons)	1,734	2,244	2,806	Increase
Cement (Thou. barrels)	10,506	11,424	12,287	Increase
Automobiles shipped (Thou. carloads)	18	26	27	Increase
<u>Consumption</u>				
Cotton by mills (Thou. bales)	494	495	534	Increase
Unfilled orders Steel Corp. (Thou. T.)	4,287	6,692	6,902	Increase
Building contracts (Millions dollars)	222	271	253	Seasonal decrease
Hogs slaughtered (Thousands)	1,992	1,917	2,365	Increase
<u>Movements</u>				
Bank clearings (N.Y.) (Billions dollars)	16	13	15	Increase
Car loadings (Weekly av., Thousands)	929	935	993	Increase
Mail order sales (Thou. dollars)	24,982	21,464	30,222	Heavy increase
Wholesale Price Index (Dept. Labor)	142	153	154	Slightly higher
Unemployment in Pa. (Thousands)	276	56	38	Improved

Business moving faster. The great lines: steel, buildings, railway equipment, automobiles, textiles, are all going strong. Prices are slowly rising, volume of business increasing, employers are bidding for labor and talking for less restriction on immigration.

Present prosperity is mainly an urban prosperity. The farmer's products have contributed to it; his labor has not yet profited much from it.

Some reflection of potential credit possibilities is suggested in the Federal Reserve Bank statements, which indicate stronger reserve position in the leading industrial districts than in agricultural districts.



## CONDITIONS IN THE EAST

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By the "East", is here meant the general dairy, hay, fruit, potato, and diversified region comprising much of the Northeastern section of the country.

When the drop in prices of farm products set in, back in the spring of 1920, the products of the East stayed relatively at some advantage. The Cotton Belt and the Corn Belt were hit very early. Cotton, corn, hog and cattle prices collapsed below pre-war levels and producers thereof slipped into a slough of debt and discouragement. The Range Country of the Far West was also hard hit at the same time by the collapse of cattle, sheep and wool prices.

For two years, while this was going on, the East was relatively in better shape. Of course, milk, hay, potato, apple and other prices declined; but their decline was relatively less violent than that of cotton, corn, and livestock.

This year, it has been the East's turn. While the Cotton Belt has been recovering some of its shattered morale, and the Corn Belt and Range Country have been picking up somewhat on the strength of better livestock prices, - dairy products, hay, potatoes, apples, cabbage and the like have been selling at and below cost of production. It is a good illustration of the varied effect of price fluctuations upon the varied producing sections of the country. All agriculture has been through a severe depression, but the severity thereof has been progressive by regions as well as by seasons. This fact should be fully understood by men who intend to modify plans of the next few years by the experience of the past three years.

We quote the following from Dr. C. E. Ladd, who is Extension Specialist in Farm Management in New York State, a dairy farmer, and a well-informed man:

"Like many other eastern States New York farmers are suffering big losses this year. Our farmers are very discouraged. Potatoes are selling for from \$.40 to \$.50 per bushel. Cabbage is worth about \$5 per ton. It has ranged from \$4 to \$8. Eggs are a good price. Milk is a fair price compared with other agricultural products but not high enough to make dairying profitable. Hay is very cheap selling at \$10 or \$12 per ton on the farm before bailing. Apples are low priced. Beans are bringing a fair price. The situation as is usual in such cases is a little worse than the figures indicate because the low prices means that tons of cabbage will not be sold; many thousand bushels of apples are rotting in the orchards and in many sections of the State the buyers are making no attempt to purchase hay. I believe that our farmers in this State are more discouraged than they have been any time during the past ten years."

# HOW ABOUT MORE HOME-GROWN FOOD?

"In October, 1922, an inquiry was mailed by this Bureau to about 25,000 crop reporters, regarding the source of the food consumed on their farms. The introductory paragraph on the schedule was as follows:

"During the past year or more the high freight rates have had a tendency to reduce the prices of products which farmers sell, and to increase the prices of things which they buy. Farmers as a rule buy some of their food supplies, and it may be that on account of the higher prices of things which farmers buy as compared with what they sell they can economically produce more of their home requirements and thus become less dependent upon the railroads and the outside world."

"The schedule stated that by food was meant all meats, poultry, eggs, butter, cheese, milk, vegetables, fruits, nuts, fish, tea, coffee, sugar, flour, food cereals, canned goods, etc.

"The questions were as follows:

"Let 100 represent the total value of food consumed by family on farm in one year:

- (a) What percentage is produced on your farm?
- (b) What percentage is produced in locality, but not on your farm?  
By produced in locality is meant, not brought in by railroad.
- (c) What percentage is not produced in locality, and which could not be produced economically in locality nor be reasonably displaced by locally grown products?
- (d) What percentage is not now produced locally, but which could be produced economically in locality or be reasonably displaced by locally grown products?"

The tabulation of replies showed that nearly 70% of food supplies are produced locally and nearly 30% brought in by railroad. In the judgment of reporters 9% of their supplies now brought from a distance could be economically displaced by locally grown food-stuffs. General summary follows:

	:	:	:	:	:	:
	:	a	:	b	:	c
	:	:	:	:	:	d
	:	:	:	:	:	:
United States	:	60.3	:	8.8	:	21.9
	:	:	:	:	:	9.0
	:	:	:	:	:	69.1
	:	:	:	:	:	30.9
(1) New England	:	50.6	:	7.5	:	32.6
(2) Middle Atlantic	:	57.5	:	8.4	:	26.6
(3) East North Central	:	61.9	:	9.1	:	21.5
(4) West North Central	:	58.7	:	8.2	:	24.4
	:	:	:	:	:	8.7
	:	:	:	:	:	:
(5) South Atlantic	:	67.5	:	7.1	:	17.1
(6) East South Central	:	68.6	:	6.6	:	17.2
(7) West South Central	:	52.4	:	10.9	:	24.0
(8) Mountain	:	52.2	:	12.5	:	25.6
(9) Pacific	:	42.0	:	16.6	:	27.8
	:	:	:	:	:	13.6
	:	:	:	:	:	58.6
	:	:	:	:	:	41.4



## THE PROGRESS OF AGRICULTURAL PRODUCTION

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The 1921 Yearbook of the Department of Agriculture begins a series of four years which, as a completed group of Yearbooks, will practically summarize the economics of American Agriculture.

The following is quoted from "A Graphic Summary of American Agriculture" by A. E. Baker in the 1921 Yearbook, recently published:

"The agricultural production of the United States is no longer keeping pace with our increasing population. The peak of production per capita of the total population was reached about 1906 or 1907, and although the decrease in per capita production since has been very slow and is yet very small, it is clearly apparent. This failure of agricultural production to increase as rapidly as population is not due primarily to the decrease in the proportion of our population engaged in agriculture from over 13 per cent in 1910 to about 10 per cent in 1920, according to the census returns, for the acreage of crops per person engaged in agriculture was, apparently, 25 per cent greater in 1920 than in 1910; but, instead, is owing mostly to a notable decrease in the rate of expansion of our arable area. Improved land increased only 5 per cent from 1910 to 1920, as compared with 15 to 50 per cent in previous decades, and this 5 per cent increase was practically confined to the precariously productive semi-arid lands of the Great Plains region.

"American farms, in general, are different from those in other countries of the world, except Canada, Australia, and South Africa. English farms differ from American farms in that they are nearly all operated by tenants and employ more hand labor. The peasant farms of continental Europe utilize agricultural machinery still less and are much smaller in size than most American farms. The farms of India, China, and Japan are still smaller and are cultivated with only the crudest tools. There are 28 to 30 acres of crops per person employed in agriculture in the United States as compared with 9 in Russia prior to the war, 7 in France and Germany, and 1-1/2 in Japan.

"The American farm involves a large investment of capital. This investment is increasing and must increase if the American farmer is to improve his standard of living. The average value of farms in the United States was \$6,444 in 1910, and \$12,084 in 1920. In Iowa, the average value of the farms in 1920 was \$39,941. The area of the crops per farm in the United States increased from 50 acres in 1909 to 57 acres in 1919. Our farmers are driving larger teams, using more efficient machinery, producing more per acre and per person than ever before. Each American farmer and farm laborer, on the average, is feeding nine people other than himself in this country, and one more person living in foreign lands. It is in this increasing productivity of the American farm, amounting probably to 15 per cent in the last decade, that the expenditure for scientific research, for technical education, and for improved economic organization in agriculture finds its justification."